

Message Text

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12

ACTION NEA-12

INFO OCT-01 ADP-00 PM-07 NSC-10 SS-15 RSC-01 L-03 EB-11

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R 170818 Z JUN 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 6907

INFO SECDEF

DA

CNO

CSAF

USCINCEUR

C O N F I D E N T I A L KUWAIT 2089

E. O. 11652: GDS

TAGS: MASS KU

SUBJ: KUWAIT DEFENSE MODERNIZATION

REF: A. STATE 114392; B. KUWAIT 1574; C. STATE 117796

SUMMARY: AEC/ GTE PROPOSAL DESCRIBED REF A IS LATEST INDICATION EAGERNESS US COMPANIES TAKE ADVANTAGE OPPORTUNITIES INHERENT IN POSSIBLE LARGE KUWAITI DEFENSE MODERNIZATION PROGRAM. WE CONTINUE BELIEVE US DEFENSE COMPANIES SHOULD RESIST NATURAL DESIRE COME HERE. WE SHALL KEEP DEPARTMENT AND DOD UP TO DATE ON STATE OF PLAY BUT NEGOTIATIONS CANNOT BE RUSHED TOO FAST AND AT PRESENT MOMENT SHOULD STAY IN GOVERNMENT- TO- GOVERNMENT CHANNELS. END SUMMARY

1. AEC/ GTE JOINT VENTURE DESCRIBED REF A IS ONE OF GROWING NUMBER PROPOSALS PUT FORWARD BY TRADITIONAL US DEFENSE CONTRACTORS WHO ACCUSTOMED TO DEALING WITH LARGER OR MORE ESTABLISHED DEFENSE CLIENTS INCLUDING SUCH REGIONAL STATES AS SAUDI ARABIA AND IRAN. DESIRE OF THIS AND OTHER GROUPS TAKE ADVANTAGE NEW ATTRACTIVE DEFENSE- RELATED MARKET KUWAIT COMPLETELY UNDER-
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STANDABLE. MOREOVER, MY REMARKS DO NOT ADDRESS SUBSTANCE OF PROPOSALS.

2. GOK HAS MADE IT CLEAR THAT IT DOES NOT RPT NOT WANT TO DEAL DIRECTLY WITH COMPANIES. IT WANTS DIRECT GOK- USG DEALINGS. GOVERNMENT- TO- GOVERNMENT APPROACH MEANS THAT GOK IS DEALING DIRECTLY WITH US MILITARY EXPERTS WHO HAVE HELPED THEM ASSESS THE THREAT, HAVE ASSESSED KUWAIT' S DEFENSE NEEDS BASED ON THAT THREAT, AND THEN OFFERED THE US MILITARY EQUIPMENT AND SERVICES THAT WILL BEST MEET THOSE NEEDS. US OFFERS ARE IN FORM DOD LETTERS OF OFFER WHICH, WHEN SIGNED BY GOK, ARE BASIS UPON WHICH DOD (NOT GOK) APPROACHES US DEFENSE CONTRACTORS AND SELECTS BEST US COMPANY TO DO THE JOB. LATER, IF AND WHEN KUWAIT' S MILITARY PROGRAMS ARE WELL UNDER WAY, THERE UNDOUBTEDLY WILL BE OPPORTUNITIES

FOR US COMAPNIES TO PROVIDE ANCILLARY EQUIPMENT AND SERVICES DIRECTLY TO KUWAIT MILITARY FORCES (HOPEFULLY HOWEVER ALWAYS IN COOPERATION WITH, AND WITH KNOWLEDGE OF, DOD, STATE AND EMBASSY KUWAIT). HOWEVER, IN THESE INITIAL STAGES IT IS IN USG AND US BUSINESS INTERESTS TO ADHERE TO THE ARRANGEMENT WHEREBY US COMPANIES ACQUIRE MILITARY CONTRACTS IN KUWAIT THROUGH DOD AND NOT DIRECTLY WITH GOK. OTHERWISE GOK IS SUBJECTED TO BOMBARDMENT OF CONFLICTING COMPANY CLAIMS WHICH NOT ONLY CONFUSE THE KUWAITIS BUT UNDERMINE CREDIBILITY OF OUR US MILITARY EXPERTS TRYING TO OFFER CLEAN- CUT UNEQUIVOCAL ADVICE ON WHAT KUWAITIS SHOULD BUY.

3. OTHER POINT TO BE MADE IS THAT KUWAIT IS NOT A COUNTRY WITH LONG MILITARY TRADITION. EVEN NOW SECONDED OFFICERS FROM UK PLAY IMPORTANT ROLE. IT WILL TAKE TIME FOR KUWAITI MILITARY BUREAUCRACY ADJUST TO DIMENSIONS OF ANY NEW PROGRAMS THEY DECIDE UPON. THOUGH ADMITTEDLY FRUSTRATING, ESPECIALLY AFTER TREMENDOUS EFFORT MADE ON PART OF US AGENCIES AND SERVICES TO MEET GOK REQUESTS AND REQUIREMENTS, ONLY REALISTIC APPROACH FOR US GOVERNMENT AS WELL AS COMPANIES IS TO BE PATIENT.

4. THIS BEING CASE I FEEL WE CANNOT PROVIDE PRECISE ANSWER NOW TO QUESTION PARA 6, REF A, AND IT SHOULD BE MADE CLEAR TO US SUPPLIERS THAT REPLAY OF WESTINGHOUSE GAMBIT COULD BE DANGEROUS TO SUCCESS OUR EFFORT. WE HAVE BEEN AND INTEND CONTINUE BRIEF COMPANY REPS HERE ALONG THESE LINES, WHILE ASSURING THEM WE SHALL REMAIN ALERT TO FEASIBLE OPPORTUNITIES FOR ALL OF THEM.

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